

ASSEMBLY BILL

No. 188

Introduced by Assembly Member Ammiano

January 28, 2013

An act to amend Sections 64, 480.1, 480.2, and 482 of, and to add Sections 480.9, 486, 486.5, and 488 to, the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 188, as introduced, Ammiano. Property taxation: change in ownership.

The California Constitution generally limits ad valorem taxes on real property to 1% of the full cash value of that property. For purposes of this limitation, “full cash value” is defined as the assessor’s valuation of real property as shown on the 1975–76 tax bill under “full cash value” or, thereafter, the appraised value of that real property when purchased, newly constructed, or a change in ownership has occurred. Existing property tax law specifies those circumstances in which the transfer of ownership interests in a corporation, partnership, limited liability company, or other legal entity results in a change in ownership of the real property owned by that entity, and generally provides that a change in ownership as so described occurs if a legal entity or other person obtains a controlling or majority ownership interest in the legal entity. Existing law also specifies other circumstances in which certain transfers of ownership interests in legal entities result in a change in ownership of the real property owned by those legal entities.

This bill would instead specify that if 100% of the ownership interests in a legal entity, as defined, are sold or transferred in a single transaction, as specified, the real property owned by that legal entity has changed

ownership, whether or not any one legal entity or person that is a party to the transaction acquires more than 50% of the ownership interests. The bill would require the State Board of Equalization to notify assessors if a change in ownership as so described occurs.

Existing law requires a person or legal entity that obtains a controlling or majority ownership interest in a legal entity, or an entity that makes specified transfers of ownership interests in the legal entity, to file a change in ownership statement signed under penalty of perjury with the State Board of Equalization, as specified. Existing law requires a penalty of 10% of the taxes applicable to the new base year value, as specified, or 10% of the current year's taxes on the property, as specified, to be added to the assessment made on the roll if a person or legal entity required to file a change in ownership statement fails to do so.

This bill would require a person or legal entity acquiring ownership interests in a legal entity, if 100% of the ownership interests in the legal entity are sold or transferred, as described above, to file a change in ownership statement signed under penalty of perjury with the State Board of Equalization. This bill would increase the penalties for failure to file a change in ownership statement, as described above, from 10% to 20%.

This bill would also require a person or legal entity that acquires the ownership interest of a legal entity to report the change in ownership interests to the State Board of Equalization if any change in the ownership interests in a legal entity holding an interest in real property in this state occurs, as provided. This bill would require a legal entity to report subsequent changes in the ownership interests of the legal entity to the county assessor if a specified transfer between an individual or individuals and a legal entity or between legal entities occurs, as provided.

This bill would also require a deed to be recorded with the county recorder by the owner of the real property, even if the owner of the real property does not change, if a change of an ownership interest in a legal entity holding an interest in real property occurs.

By expanding the crime of perjury and by imposing new duties upon local county officials with respect to changes in ownership, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

This bill would include a change in state statute that would result in a taxpayer paying a higher tax within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of $\frac{2}{3}$ of the membership of each house of the Legislature.

This bill would take effect immediately as a tax levy.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. (a) The Legislature finds and declares all of the
- 2 following:
- 3 (1) The system for determining a change in ownership for the
- 4 purpose of assessment of commercial property is complex and
- 5 difficult to administer.
- 6 (2) Property owners use complex legal maneuvers and methods
- 7 of dividing up, or obscuring, ownership patterns, in order to avoid
- 8 reassessment when changes of ownership actually occur.
- 9 (3) There are many circumstances in which changes of
- 10 ownership have legally taken place that are often not known to the
- 11 assessor because they are deliberately obscured, for example, if
- 12 the property is kept in the name of the old property owner even
- 13 when a company is purchased.
- 14 (4) Deeds are filed that describe ownership patterns of such
- 15 complexity that it is difficult for the legal powers of the counties,
- 16 and the enforcement powers of the assessor, to be exercised.
- 17 (5) Transactions occur that should be identified as changes of
- 18 ownership, for example, a 100-percent purchase of a company,
- 19 that avoid reassessment because of the ability to divide ownership
- 20 shares.
- 21 (6) Penalties for obscuring or failing to report transactions are
- 22 insufficient to provide incentives to purchasers to self-report,
- 23 making the job of identifying these transactions by the assessor
- 24 and the State Board of Equalization more difficult.

(7) Changes in ownership may not trigger reassessment because of leasehold interests that are not transparent to the assessor.

(b) Therefore, it is the intent of the Legislature to provide all of the following:

(1) Greater clarity with regard to those circumstances in which a change in ownership has occurred.

(2) Greater transparency in ownership patterns with respect to the filing of deeds and with respect to other real property and financial transactions.

(3) Improved reporting and stronger enforcement.

(c) It is further the intent of the Legislature that changes in ownership in which 100 percent of the ownership of a business, whether through mergers, private equity buyouts, transfer of ownership from one financial institution to another, transfers of shares of limited liability companies or trusts, transfers of partnership shares, or other changes by which 100 percent is transferred shall constitute a change of ownership subject to reassessment.

SEC. 2. Section 64 of the Revenue and Taxation Code is amended to read:

64. (a) Except as provided in subdivision (i) of Section 61 and subdivisions (c) and (d) of this section, the purchase or transfer of ownership interests in legal entities, such as corporate stock or partnership or limited liability company interests, ~~shall not be deemed to~~ *does not* constitute a transfer of the real property of the legal entity. This subdivision ~~is applicable~~ *applies* to the purchase or transfer of ownership interests in a partnership without regard to whether it is a continuing or a dissolved partnership.

(b) Any corporate reorganization, where all of the corporations involved are members of an affiliated group, and that qualifies as a reorganization under Section 368 of the United States Internal Revenue Code and that is accepted as a nontaxable event by similar California statutes, or any transfer of real property among members of an affiliated group, or any reorganization of farm credit institutions pursuant to the federal Farm Credit Act of 1971 (Public Law 92-181), as amended, shall not be a change of ownership. The taxpayer shall furnish proof, under penalty of perjury, to the assessor that the transfer meets the requirements of this subdivision.

For purposes of this subdivision, “affiliated group” means one or more chains of corporations connected through stock ownership

1 with a common parent corporation if both of the following
2 conditions are met:

3 (1) One hundred percent of the voting stock, exclusive of any
4 share owned by directors, of each of the corporations, except the
5 parent corporation, is owned by one or more of the other
6 corporations.

7 (2) The common parent corporation owns, directly, 100 percent
8 of the voting stock, exclusive of any shares owned by directors,
9 of at least one of the other corporations.

10 (c) (1) When a corporation, partnership, limited liability
11 company, other legal entity, or any other person obtains control
12 through direct or indirect ownership or control of more than 50
13 percent of the voting stock of any corporation, or obtains a majority
14 ownership interest in any partnership, limited liability company,
15 or other legal entity through the purchase or transfer of corporate
16 stock, partnership, or limited liability company interest, or
17 ownership interests in other legal entities, including any purchase
18 or transfer of 50 percent or less of the ownership interest through
19 which control or a majority ownership interest is obtained, the
20 purchase or transfer of that stock or other interest shall be a change
21 of ownership of the real property owned by the corporation,
22 partnership, limited liability company, or other legal entity in which
23 the controlling interest is obtained.

24 (B) (i) *When 100 percent of the ownership interests in a legal*
25 *entity are sold or transferred in a single transaction to a legal*
26 *entity or person, whether by merger, acquisition, private equity*
27 *buyout, transfer of partnership shares, or any other means by*
28 *which a legal entity or person acquires the ownership interests of*
29 *another legal entity, including the subsidiaries or affiliates of the*
30 *legal entity and the property owned by those subsidiaries or*
31 *affiliates, the purchase or transfer of the ownership interests is a*
32 *change of ownership of the real property owned by the legal entity,*
33 *whether or not any one legal entity or person that is a party to the*
34 *transaction acquires more than 50 percent of the ownership*
35 *interests.*

36 (ii) *For purposes of this subparagraph:*

37 (I) *“Legal entity” means a corporation, partnership, limited*
38 *liability company, or other legal entity.*

39 (II) *“Ownership interests” means corporate voting stock,*
40 *partnership capital and profits interests, limited liability company*

1 *membership interests, and other ownership interests in legal*
2 *entities.*

3 (III) *“Single transaction” means a transaction in which 100*
4 *percent of the ownership interests are sold or transferred in either*
5 *one calendar year or within a three-year period beginning on the*
6 *date of the original transaction when any percentage of ownership*
7 *interests are sold or transferred.*

8 (2) On or after January 1, 1996, when an owner of a majority
9 ownership interest in any partnership obtains all of the remaining
10 ownership interests in that partnership or otherwise becomes the
11 sole partner, the purchase or transfer of the minority interests,
12 subject to the appropriate application of the step-transaction
13 doctrine, shall not be a change in ownership of the real property
14 owned by the partnership.

15 (d) If property is transferred on or after March 1, 1975, to a
16 legal entity in a transaction excluded from change in ownership
17 by paragraph (2) of subdivision (a) of Section 62, then the persons
18 holding ownership interests in that legal entity immediately after
19 the transfer shall be considered the “original coowners.” Whenever
20 shares or other ownership interests representing cumulatively more
21 than 50 percent of the total interests in the entity are transferred
22 by any of the original coowners in one or more transactions, a
23 change in ownership of that real property owned by the legal entity
24 shall have occurred, and the property that was previously excluded
25 from change in ownership under the provisions of paragraph (2)
26 of subdivision (a) of Section 62 shall be reappraised.

27 The date of reappraisal shall be the date of the transfer of the
28 ownership interest representing individually or cumulatively more
29 than 50 percent of the interests in the entity.

30 A transfer of shares or other ownership interests that results in
31 a change in control of a corporation, partnership, limited liability
32 company, or any other legal entity is subject to reappraisal as
33 provided in subdivision (c) rather than this subdivision.

34 (e) To assist in the determination of whether a change of
35 ownership has occurred under subdivisions (c) and (d), the
36 Franchise Tax Board shall include a question in substantially the
37 following form on returns for partnerships, banks, and corporations
38 (except tax-exempt organizations):

39 If the corporation (or partnership or limited liability company)
40 owns real property in California, has cumulatively more than 50

percent of the voting stock (or more than 50 percent of total interest in both partnership or limited liability company capital and partnership or limited liability company profits) (1) been transferred by the corporation (or partnership or limited liability company) since March 1, 1975, or (2) been acquired by another legal entity or person during the year? (See instructions.)

If the entity answers “yes” to (1) or (2) in the above question, then the Franchise Tax Board shall furnish the names and addresses of that entity and of the stock or partnership or limited liability company ownership interest transferees to the State Board of Equalization.

(f) The board may prescribe regulations as may be necessary to carry out the purposes of the act adding this subdivision.

SEC. 3. Section 480.1 of the Revenue and Taxation Code is amended to read:

480.1. (a) Whenever there is a change in control *or a change in ownership* of any corporation, partnership, limited liability company, or other legal entity, as defined in subdivision (c) of Section 64, a signed change in ownership statement as provided for in subdivision (b), shall be filed by the person or legal entity acquiring ownership ~~control~~ of the corporation, partnership, limited liability company, or other legal entity with the board at its office in Sacramento within 90 days from the date of the change in control *or the change in ownership* of the corporation, partnership, limited liability company, or other legal entity. The statement shall list all counties in which the corporation, partnership, limited liability company, or legal entity owns real property.

(b) The change in ownership statement as required pursuant to subdivision (a), shall be declared to be true under penalty of perjury and shall give such information relative to the ownership ~~control~~ acquisition transaction as the board shall prescribe after consultation with the California Assessors’ Association. The information shall include, but not be limited to, a description of the property owned by the corporation, partnership, limited liability company, or other legal entity, the parties to the transaction, and the date of the ownership ~~control~~ acquisition. The change in ownership statement shall not include any question which is not germane to the assessment function. The statement shall contain a notice that is printed, with the title in at least 12-point boldface

1 type and the body in at least 8-point boldface type, in the following
2 form:

3
4
5 “Important Notice”
6

7 “The law requires any person or legal entity acquiring ownership
8 ~~control~~ in any corporation, partnership, limited liability company,
9 or other legal entity owning real property in California subject to
10 local property taxation to complete and file a change in ownership
11 statement with the State Board of Equalization at its office in
12 Sacramento. The change in ownership statement must be filed
13 within 90 days from the date of the change in control *or the change*
14 *in ownership* of a corporation, partnership, limited liability
15 company, or other legal entity. The law further requires that a
16 change in ownership statement be completed and filed whenever
17 a written request is made therefor by the State Board of
18 Equalization, regardless of whether a change in control *or a change*
19 *in ownership* of the legal entity has occurred. The failure to file a
20 change in ownership statement within 90 days from the earlier of
21 the date of the change in control *or a change in ownership* of the
22 corporation, partnership, limited liability company, or other legal
23 entity, or the date of a written request by the State Board of
24 Equalization, results in a penalty of ~~10~~ 20 percent of the taxes
25 applicable to the new base year value reflecting the change in
26 control *or the change in ownership* of the real property owned by
27 the corporation, partnership, limited liability company, or legal
28 entity (or ~~10~~ 20 percent of the current year’s taxes on that property
29 if no change in control *or change in ownership* occurred). This
30 penalty will be added to the assessment roll and shall be collected
31 like any other delinquent property taxes, and be subject to the same
32 penalties for nonpayment.”
33

34 (c) In the case of a corporation, the change in ownership
35 statement shall be signed either by an officer of the corporation or
36 an employee or agent who has been designated in writing by the
37 board of directors to sign such statements on behalf of the
38 corporation. In the case of a partnership, limited liability company,
39 or other legal entity, the statement shall be signed by an officer,
40 partner, manager, or an employee or agent who has been designated

1 in writing by the partnership, limited liability company, or legal
2 entity.

3 (d) No person or entity acting for or on behalf of the parties to
4 a transfer of real property shall incur liability for the consequences
5 of assistance rendered to the transferee in preparation of any change
6 in ownership statement, and no action may be brought or
7 maintained against any person or entity as a result of that
8 assistance.

9 Nothing in this section shall create a duty, either directly or by
10 implication, that such assistance be rendered by any person or
11 entity acting for or on behalf of parties to a transfer of real property.

12 (e) The board or assessors may inspect any and all records and
13 documents of a corporation, partnership, limited liability company,
14 or legal entity to ascertain whether a change in control *or a change*
15 *in ownership* as defined in subdivision (c) of Section 64 has
16 occurred. The corporation, partnership, limited liability company,
17 or legal entity shall upon request, make those documents available
18 to the board during normal business hours.

19 SEC. 4. Section 480.2 of the Revenue and Taxation Code is
20 amended to read:

21 480.2. (a) Whenever there is a change in ownership of any
22 corporation, partnership, limited liability company, or other legal
23 entity, as defined in subdivision (d) of Section 64, a signed change
24 in ownership statement as provided in subdivision (b) shall be filed
25 by the corporation, partnership, limited liability company, or other
26 legal entity with the board at its office in Sacramento within 90
27 days from the date of the change in ownership of the corporation,
28 partnership, limited liability company, or other legal entity. The
29 statement shall list all counties in which the corporation,
30 partnership, limited liability company, or legal entity owns real
31 property.

32 (b) The change in ownership statement required pursuant to
33 subdivision (a) shall be declared to be true ~~and~~ under penalty of
34 perjury and shall give such information relative to the ownership
35 interest acquisition transaction as the board shall prescribe after
36 consultation with the California Assessors' Association. The
37 information shall include, but not be limited to, a description of
38 the property owned by the corporation, partnership, limited liability
39 company, or other legal entity, the parties to the transaction, the
40 date of the ownership interest acquisition, and a listing of the

1 “original coowners” of the corporation, partnership, limited liability
2 company, or other legal entity prior to the transaction. The change
3 in ownership statement shall not include any question which is not
4 germane to the assessment function. The statement shall contain
5 a notice that is printed, with the title in at least 12-point boldface
6 type and the body in at least 8-point boldface type, in the following
7 form:

8
9
10 “Important Notice”
11

12 “The law requires any corporation, partnership, limited liability
13 company, or other legal entity owning real property in California
14 subject to local property taxation and transferring shares or other
15 ownership interest in such legal entity constitute a change in
16 ownership pursuant to subdivision (d) of Section 64 of the Revenue
17 and Taxation Code to complete and file a change in ownership
18 statement with the State Board of Equalization at its office in
19 Sacramento. The change in ownership statement must be filed
20 within 90 days from the date that shares or other ownership
21 interests representing cumulatively more than 50 percent of the
22 total control or ownership interests in the entity are transferred by
23 any of the original coowners in one or more transactions. The law
24 further requires that a change in ownership statement be completed
25 and filed whenever a written request is made therefor by the State
26 Board of Equalization, regardless of whether a change in ownership
27 of the legal entity has occurred. The failure to file a change in
28 ownership statement within 90 days from the earlier of the date of
29 the change in ownership of the corporation, partnership, limited
30 liability company, or other legal entity, or the date of a written
31 request by the *State* Board of Equalization, results in a penalty of
32 ~~10~~ 20 percent of the taxes applicable to the new base year value
33 reflecting the change in ownership of the real property owned by
34 the corporation, partnership, limited liability company, or legal
35 entity (or ~~10~~ 20 percent of the current year’s taxes on that real
36 property if no change in ownership occurred). This penalty will
37 be added to the assessment roll and shall be collected like any
38 other delinquent property taxes, and be subject to the same
39 penalties for nonpayment.”
40

1 (c) In the case of a corporation, the change in ownership
2 statement shall be signed either by an officer of the corporation or
3 an employee or agent who has been designated in writing by the
4 board of directors to sign such statements on behalf of the
5 corporation. In the case of a partnership, limited liability company,
6 or other legal entity, the statement shall be signed by an officer,
7 partner, manager, or an employee or agent who has been designated
8 in writing by the partnership, limited liability company, or legal
9 entity.

10 (d) No person or entity acting for or on behalf of the parties to
11 a transfer of real property shall incur liability for the consequences
12 of assistance rendered to the transferee in preparation of any change
13 in ownership statement, and no action may be brought or
14 maintained against any person or entity as a result of that
15 assistance.

16 Nothing in this section shall create a duty, either directly or by
17 implication, that such assistance be rendered by any person or
18 entity acting for or on behalf of parties to a transfer of real property.

19 (e) The board or assessors may inspect any and all records and
20 documents of a corporation, partnership, limited liability company,
21 or legal entity to ascertain whether a change in ownership as
22 defined in subdivision (d) of Section 64 has occurred. The
23 corporation, partnership, limited liability company, or legal entity
24 shall upon request, make those documents available to the board
25 during normal business hours.

26 SEC. 5. Section 480.9 is added to the Revenue and Taxation
27 Code, to read:

28 480.9. The board shall notify assessors if a change in ownership
29 described in subparagraph (B) of paragraph (1) of subdivision (c)
30 of Section 64 has occurred.

31 SEC. 6. Section 482 of the Revenue and Taxation Code is
32 amended to read:

33 482. (a) (1) If a person or legal entity required to file a
34 statement described in Section 480 fails to do so within 90 days
35 from the date a written request is mailed by the assessor, a penalty
36 of either: (A) one hundred dollars (\$100), or (B) 10 percent of the
37 taxes applicable to the new base year value reflecting the change
38 in ownership of the real property or manufactured home, whichever
39 is greater, but not to exceed five thousand dollars (\$5,000) if the
40 property is eligible for the homeowners' exemption or twenty

1 thousand dollars (\$20,000) if the property is not eligible for the
2 homeowners' exemption if the failure to file was not willful, shall,
3 except as otherwise provided in this section, be added to the
4 assessment made on the roll. The penalty shall apply for failure to
5 file a complete change in ownership statement notwithstanding
6 the fact that the assessor determines that no change in ownership
7 has occurred as defined in Chapter 2 (commencing with Section
8 60) of Part 0.5. The penalty may also be applied if after a request
9 the transferee files an incomplete statement and does not supply
10 the missing information upon a second request.

11 (2) The assessor shall mail the written request specified in
12 paragraph (1) to the mailing address of the transferee as provided
13 by subdivision (f).

14 (b) If a person or legal entity required to file a statement
15 described in Section 480.1 or 480.2 fails to do so within 90 days
16 from the earlier of (1) the date of the change in control or the
17 change in ownership of the corporation, partnership, limited
18 liability company, or other legal entity, or (2) the date of a written
19 request by the State Board of Equalization, a penalty of ~~40~~ 20
20 percent of the taxes applicable to the new base year value reflecting
21 the change in control or change in ownership of the real property
22 owned by the corporation, partnership, or legal entity, or ~~40~~ 20
23 percent of the current year's taxes on that property if no change
24 in control or change in ownership occurred, shall be added by the
25 county assessor to the assessment made on the roll. The penalty
26 shall apply for failure to file a complete statement with the board
27 notwithstanding the fact that the board determines that no change
28 in control or change in ownership has occurred as defined in
29 subdivision (c) or (d) of Section 64. The penalty may also be
30 applied if after a request the person or legal entity files an
31 incomplete statement and does not supply the missing information
32 upon that second request to complete the statement. That penalty
33 shall be in lieu of the penalty provisions of subdivision (a).

34 (c) The penalty for failure to file a timely statement pursuant to
35 Sections 480, 480.1, and 480.2 for any one transfer may be imposed
36 only one time, even though the assessor may initiate a request as
37 often as he or she deems necessary.

38 (d) The penalty shall be added to the roll in the same manner
39 as a special assessment and treated, collected, and subject to the

1 same penalties for the delinquency as all other taxes on the roll in
2 which it is entered.

3 (1) When the transfer to be reported under this section is of a
4 portion of a property or parcel appearing on the roll during the
5 fiscal year in which the 90-day period expires, the current year's
6 taxes shall be prorated so the penalty will be computed on the
7 proportion of property which has transferred.

8 (2) Any penalty added to the roll pursuant to this section
9 between January 1 and June 30 may be entered either on the
10 unsecured roll or the roll being prepared. After January 1, the
11 penalty may be added to the current roll only with the approval of
12 the tax collector.

13 (3) If the property is transferred or conveyed to a bona fide
14 purchaser for value or becomes subject to a lien of a bona fide
15 encumbrancer for value after the transfer of ownership resulting
16 in the imposition of the penalty and before the enrollment of the
17 penalty, the penalty shall be entered on the unsecured roll in the
18 name of the transferee whose failure to file the change in ownership
19 statement resulted in the imposition of the penalty.

20 (e) When a penalty imposed pursuant to this section is entered
21 on the unsecured roll, the tax collector may immediately file a
22 certificate authorized by Section 2191.3.

23 (f) Notice of any penalty added to either the secured or
24 unsecured roll pursuant to this section, which shall identify the
25 parcel or parcels for which the penalty is assessed, and the written
26 request to file a statement specified in subdivision (a), which shall
27 identify the real property or manufactured home for which the
28 statement is required to be filed, shall be mailed by the assessor
29 to the transferee at his or her address contained in any recorded
30 instrument or document evidencing a transfer of an interest in real
31 property or manufactured home or the address specified for mailing
32 tax information contained in the preliminary change in ownership
33 report. If the transferee has subsequently notified the assessor of
34 a change in address for mailing tax information, the assessor shall
35 mail the notice of any penalty, or the written request to file a
36 statement specified in subdivision (a), to this address. If there is
37 no address specified for mailing tax information on either the
38 recorded instrument, the document evidencing a transfer of an
39 interest in real property or manufactured home, or on the filed
40 preliminary change in ownership report, and the transferee has not

1 provided an address for purposes of mailing tax information, the
2 assessor shall mail the notice of any penalty, or the written request
3 to file a statement specified in subdivision (a), to the transferee at
4 any address reasonably known to the assessor.

5 SEC. 7. Section 486 is added to the Revenue and Taxation
6 Code, to read:

7 486. (a) Whenever there occurs a change in the ownership
8 interests, including a leasehold interest, of a legal entity holding
9 an interest in real property in this state, whether by merger,
10 acquisition, private equity buyout, transfer of partnership shares,
11 large stock transfer subject to the filing requirements of the United
12 States Securities and Exchange Commission, or any other means
13 by which a legal entity or person acquires an ownership interest
14 of another legal entity, the person or legal entity acquiring the
15 ownership interests shall report to the board the change in the
16 ownership interests, in the form and manner as specified by the
17 board, within 90 days of the date of the change in the ownership
18 interests.

19 (b) For purposes of this section, “legal entity” and “ownership
20 interests” have the same meaning as defined in Section 64.

21 SEC. 8. Section 486.5 is added to the Revenue and Taxation
22 Code, to read:

23 486.5. (a) Whenever there occurs a transfer between an
24 individual or individuals and a legal entity or between legal entities
25 as described in paragraph (2) of subdivision (a) of Section 62, the
26 legal entity shall report any subsequent changes in the ownership
27 interests of the legal entity to the county assessor, in the form and
28 manner as specified by the county assessor, within 90 days of the
29 date of the change in the ownership interests.

30 (b) For purposes of this section, “legal entity” and “ownership
31 interests” have the same meanings as defined in Section 64.

32 SEC. 9. Section 488 is added to the Revenue and Taxation
33 Code, to read:

34 488. (a) Whenever there occurs a change of an ownership
35 interest in a legal entity holding an interest in real property in this
36 state, a deed shall be recorded with the county recorder by the
37 owner of the real property, even if the owner of the real property
38 does not change.

39 (b) For purposes of this section, “legal entity” and “ownership
40 interest” have the same meanings as defined in Section 64.

1 SEC. 10. No reimbursement is required by this act pursuant to
2 Section 6 of Article XIII B of the California Constitution for certain
3 costs that may be incurred by a local agency or school district
4 because, in that regard, this act creates a new crime or infraction,
5 eliminates a crime or infraction, or changes the penalty for a crime
6 or infraction, within the meaning of Section 17556 of the
7 Government Code, or changes the definition of a crime within the
8 meaning of Section 6 of Article XIII B of the California
9 Constitution.

10 However, if the Commission on State Mandates determines that
11 this act contains other costs mandated by the state, reimbursement
12 to local agencies and school districts for those costs shall be made
13 pursuant to Part 7 (commencing with Section 17500) of Division
14 4 of Title 2 of the Government Code.

15 SEC. 11. This act provides for a tax levy within the meaning
16 of Article IV of the Constitution and shall go into immediate effect.